

# Social Economy in Spain

Briefing paper for EMPL delegation to Madrid,  
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## KEY FINDINGS

The expectations associated with the Commission's Social Economy Action Plan (SEAP), presented on 9 December 2021, are high. The Commission expects that the "social economy has the potential to reshape the economy post-COVID through inclusive and sustainable economic models leading to fairer ecological, economic and social transformation".

The concept of the "social economy" has gained attention and momentum in recent years although the degree of recognition varies largely from one Member State to another. There is no uniform understanding of the term either. Social economy is often used as an umbrella term for a diverse range of entities, which makes it difficult to establish a common framework. Spain is an example where the social economy benefits from wide recognition. It is the first European country to enact a law on the social economy concept. The Law was introduced in 2011 with the aim of recognising and supporting the social economy as a separate economic sector. However, only in 2015 did the Government set priorities for its implementation.

The Spanish Strategy for Social Economy 2017-2020 represents a roadmap of the national government for the promotion of the sector. In this context, the transposition of European Directives on public procurement into national law has opened up new opportunities for social enterprises. A further step towards institutionalisation is the creation of the Ministry of Labour and Social Economy in 2020. Spain has a long tradition of social economy organisations involved in income-generating activities for social rather than commercial purposes. Many social enterprises have evolved from specific social milieus such as the Catholic Church, mutual aid groups or the workers' movement in the context of an under-developed welfare state. The concept of social economy was revitalised with the financial and economic crisis in 2008, and the austerity policies that ensued.

Spanish society has recognised the role of the social economy. However, unlike social enterprises with deep historical roots, entities emerging more recently are not generally included in the social economy sector. Like in other member states, there is a lack of reliable statistics on old and new social enterprises. Establishing a directory of Spanish social enterprises for all the areas in which social enterprises operate would open up possibilities to evaluate their scope and impact. Equally, no label or certification system has been developed so far. Such instruments could increase the visibility of social enterprises. Labels and certifications help social enterprises to obtain resources and expand. Creating a shared EU label might also be an important step to creating a European level framework for the social economy to thrive.



On 9 December 2021, the Commission presented [the European Social Economy Action Plan](#)<sup>1</sup> (SEAP) to support the development of the social economy in Europe. In view of the EMPL delegation visit to Madrid and given that Spain is the first European country to enact a law on the social economy, this briefing elaborates first on the concept applied in the SEAP and on the historical development of the social economy concept across Europe. The second part of the briefing focusses on social economy's historical and legal evolution in Spain. Key aspects of implementation of legal provisions in practice are presented and discussed. Inter alia, we look at factors which either enable or constrain the proper development of the Spanish social economy sector and draw some conclusions for creating a European social economy framework.

## What is social economy?

The term "social economy" is often used as an umbrella term for third or non-profit sector organisations and market-based activities with social objectives. The SEAP refers to four main types of entities providing goods and services to their members or society at large (cooperatives, mutual benefit societies, associations including charities and foundations) and describes social enterprises as part of the social economy (see Box).

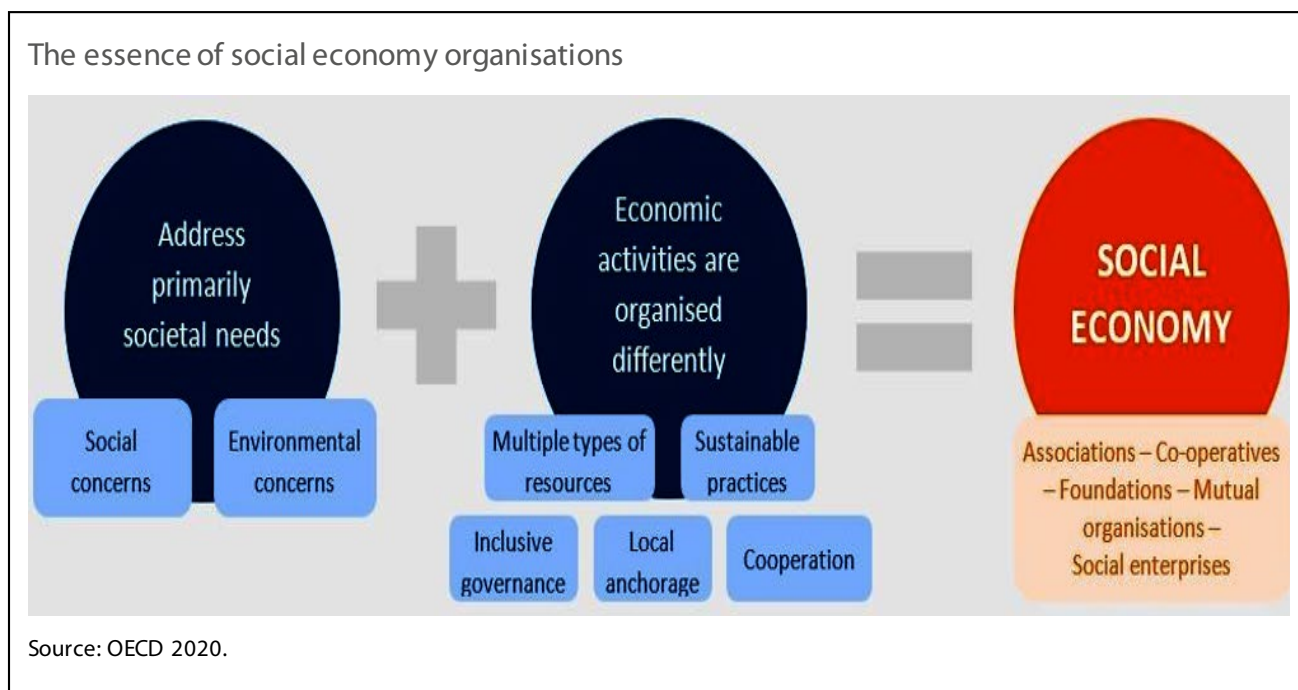
### Traditional and emerging forms of social enterprises

There is no uniform language and understanding around the idea of social enterprise. Many definitions exist and a wide variety of organisational forms are adopted by social enterprises around the world. This makes it not only difficult to establish international comparisons but also to establish a common framework for EU action. For the European Commission "social enterprises operate by providing goods and services for the market in an entrepreneurial and innovative fashion having social and/or environmental objectives as the reason for their commercial activity. Profits are mainly reinvested with a view to achieving their societal objective" ([EC 2020a](#), 5).

A basic distinction can be drawn between traditional forms of social enterprises (such as cooperatives and work integration companies) and "new" grass-root start-ups creating new business models that balance economic and social aims and drive social innovations. The latter type involves mainly market-financed providers of social services with a local-global outlook, which operate below and beyond the level of traditional organisations. Although the term social enterprise could refer to both types, the understanding of the relationship between the concepts of social economy and social enterprise is contested. A crucial question is, whether (new) social enterprises are considered an intrinsic part of social economy, or whether they are independent although related, or whether the new social enterprises expand the borders of social economy? ([EC 2020b](#), 24).

The conceptual definition of social economy in the SEPA is inspired by the [Charter of Principles of the Social Economy of Social Economy Europe \(SEE\)](#)<sup>2</sup>, the European level association that represents the social economy. The most important principles of the Charter are the primacy of the individual and the social objective over capital, voluntary and open membership, democratic control by the membership, the combination of the interests of members/users and/or the general interest, the defence and application of the principle of solidarity and responsibility and autonomous management and independence from public authorities as well as reinvestment of the essential surplus to achieve sustainable development objectives.

For the [OECD \(2020\)](#)<sup>3</sup>, the essence of social economy organisations consists in implementing specific business models characterised by two elements: (a) they address societal needs and (b) they are organised differently compared to mainstream economic actors (see Figure).



The social economy spans a diverse range of sectors (e.g. agriculture, healthcare and social services, education, financial and insurance activities, handicrafts, building, cooperative housing, renewable energy, culture, sport and leisure activities) and diverse forms: associations (incl. charities), foundations, mutual organisations and social enterprises. It ranges from big charity organisations such as Caritas to small and medium-sized new social enterprises. The common denominator of all these very different types of entities is that their primary objective is to carry out activities in the interests of members/users or society at large.

Emerging social enterprises, however, are often hybrid organisations utilising enterprising methods to satisfy a social reason. While the dual mission of social and economic value creation reflects the core characteristic of social enterprises, trading in a considerable number of markets is sometimes a big barrier for them when it comes to achieving charity status. Social entrepreneurs who aim to improve society while carrying out economic activity are often not included in the traditional social economy sector. In Germany for example, many new social enterprises are not considered as working for the common good (*Gemeinnützigkeit*) and are therefore excluded from tax exemptions (EESC 2018, 47)<sup>4</sup>.

### Varying degree of recognition

In the last two decades, a plurality of terms and notions have emerged in the academic field and in the political world to refer to the space between the public economy and the private for-profit economy. Besides "non-profit", "third sector", "solidarity" or "collaborative economy", the "social economy" concept is one of them (Chaves and Monzon, 2018). In all countries, the conceptualisation of the social economy is generally a contested terrain. There are different and often opposing views on ownership of the concept and its ideological, cultural and political connotations (Salamon/Sokolowski, 2014, p. 5).

The conceptual ambiguity about the manifold types of entities that co-exist in the social economy requires further clarification as member states have heterogeneous traditions and use a variety of terms. Given that social economy development in Europe is very context-specific and shaped by welfare systems in place, there are varying degrees of recognition of the concept across Europe.

There is little or no recognition in continental European member states (Austria, Germany, Netherlands). These are countries with extensive public and non-profit welfare structures. In Germany, for example, non-profit voluntary welfare organisations have been characteristic for welfare provision for over 150 years.

Their facilities and services employ around 1.4 million paid professionals and another 2.5 to 3 million people contribute on a voluntary basis ([European Social Economy Summit 2021](#))<sup>5</sup>.

Similarly, little or no recognition of the concept can be found in former Eastern bloc countries whose welfare systems have undergone drastic reforms. A moderate recognition of the concept by public authorities, social economy federations and the academic world can be found in Nordic countries where welfare services are extensively supplied by the State ([EESC 2017](#), 35/36)<sup>6</sup>. By contrast, the concept of social economy has gained widespread attention and recognition in France, Belgium and Luxembourg as well as in southern European member states (Spain, Portugal, Greece) with a traditionally poor supply of social services by public providers and low civic engagement ([EC 2021a](#), 7).

France is the cradle of the social economy and Spain is the first European country to enact a law on the social economy concept in 2011, followed by a national strategy in 2015, updated in 2017. In France, political visibility has been reinforced by the adoption of a national framework law in 2014 and by the Pact for the Growth of the Social and Solidarity Economy (2018), aimed at supporting the social economy, social entrepreneurship and social innovation ([OECD 2020](#)). The concept of social economy in France, Spain or Portugal focuses not only on the voluntary, charitable, or non-profit sectors - concepts prevailing elsewhere in Europe - but includes cooperatives and mutual benefit organizations that produce for the market (Salamon/Sokolowski, 2014, 15).

## Measuring the scale of the social economy

Given the diverse landscape for social economy ecosystems and its conceptual and methodological limitations, measuring the scope of social economy is difficult. Social economy organisations fall under several categories in national accounts and the volume of their activities is not directly visible in most data sources. Despite these shortcomings and applying a pragmatic approach in mapping social enterprises data shows that social economy ecosystems have developed significantly over the last decade ([EC 2021a](#))<sup>7</sup>.

The Commission's Action Plan mentions that in 2014/2015 2.8 million social economy entities employed some 13.6 million people and represented between 0.6 % and 9.9 % of all jobs in the European Union. These figures are estimates drawn from secondary data cited in the study of the European Economic and Social Committee on "Recent Evolutions of the Social Economy in the European Union" ([EESC 2017](#), chapter 7). The study also mentions that the social economy in the EU represents more than 82.8 million volunteers, equivalent to 5.5 million (non-paid) full-time workers. Further [estimates](#) indicate GDP contributions of 10 % in Spain and France and 15 % in Italy. Data on employment confirm that social enterprises are generally micro- and small organisations with high proportions of female workers. Exceptions include France, Italy and Spain, where social enterprises also include rather large organisations.

## Major challenges in implementing the EU Action Plan

The EU Commission considers itself as a catalyst to make the social economy thrive. The overall purpose of the Action Plan is "to enhance social investment, support social economy actors and social enterprises to start-up, scale-up, innovate and create jobs" ([EC 2021b](#), p. 2). The SEAP includes also a roadmap with key actions and a timeline for their implementation. One of the first steps is a Council recommendation on developing social economy framework conditions expected in 2023. To develop an effective approach that could work in the various European regions, the Council recommendation, however, has to include a refined definition of what social economy and social enterprise is. A further clarification of the concept in its different European manifestations is a precondition for generating more reliable data

The 2015 [Council conclusions](#)<sup>8</sup> on "The promotion of the social economy as a key driver of economic and social development in Europe" (1507/15, SOC 711/EMPL 464) proposed that Eurostat and national statistical authorities should consider developing and implementing so-called "satellite accounts" as by-products of

some administrative function such as tax collection (EESC 2017, p. 64). The European Commission has prepared a manual for drawing up the satellite accounts of companies in the social economy to get a comparable view in a way compatible with the overall national accounts. So far, however, only two Member States (Belgium and Portugal) have set up national versions of satellite accounts. Four more Member States worked on satellite accounts under a grant from Eurostat (EC 2021a, 6). In addition to satellite accounts, experts recommend setting up specific surveys and observatories (EESC 2017, p. 100f). This would require establishing a European working conditions survey to understand the specificities of the social economy in a given country or area. Further efforts should include social impact measurement. At present, there is no indicator database for social impact criteria that can be used by investors and social economy organisations. However, the Commission has announced its intention to work with stakeholders to develop simple, standard methodologies in 2023 (EC 2021b, 16).

## Social economy in Spain

In Spain, the concept of social economy **has gained widespread attention and recognition**. Spain is the first European country to enact a law on the "new" social economy concept in 2011. The Spanish experience might be particularly interesting given the degree of institutionalisation of social economy there.

### 1. Concept, historical and legal evolution

Spain has a long tradition of social economy organisations involved in income-generating activities for social rather than commercial purposes. Many social enterprises in Spain have evolved from specific social milieus such as the Catholic Church in the field of poverty and homelessness, mutual aid groups in the case of associations for the integration of persons with disabilities or the workers' movements in the case of cooperatives seeking to protect, retain and generate employment. The concept of 'social economy' was revitalised with the financial and economic crisis in 2008 and the austerity policies that ensued. It has grown stronger in particular since 2011 when Law 5/2011 on social economy was enacted. The **institutional framework** was further developed with the adoption of Law 31/2015 and Law 9/2017 on Public Procurement, which has opened up new possibilities for the development of social enterprises and social economy organisations. Furthermore, the Spanish Strategy for Social Economy 2017-2020 - enacted in 2018 - represents a roadmap for the national government for the promotion of the sector. Finally, the creation of the Ministry of Labour and Social Economy in 2020 is an important step towards the further institutionalisation of the sector.

Like in other European countries, the development of the social economy in Spain is shaped by the welfare system in place. Up until recently, the Spanish welfare system was under-developed. Social service provision was mainly guaranteed through employment (i.e. contribution-based) rather than need or citizenship (Pfeilstetter and Gómez-Carazco, 2016)<sup>9</sup>. The transition period from the Franco dictatorship to a parliamentary democracy in the 1970s gave way to successive political efforts to establish a social welfare system according to continental European standards. However, it was only in June 2020 that Spain established a minimum income system ("Minimum Vital Income") at national level for the first time.

The **Spanish legal definition of the social economy (Law 5/2011) largely matches the EU definition** of social enterprises as outlined in the SSE Charter. This law offers a legal framework for all entities that traditionally belonged to the social economy.

Social enterprises are becoming a major player within Spain's social economy. **Three main types of social enterprises** have historically evolved in the Spanish context. They are articulated in Law 5/2011:

- employment integration enterprises (*empresas de inserción* - EIs);
- social initiative cooperatives (*cooperativa de iniciativa social* - CIS);

- special employment centres of social initiative (*centros especiales de empleo* - CEE);
- In addition the law includes some associations and foundations with economic activities.

CEPES (the Spanish Social Economy Employers' Confederation) includes a range of other institutions in the social economy arena: cooperatives (in general), labour societies (employee-owned enterprises), mutual aid societies and fishermen guilds ([Pfeilstetter and Gómez-Carazco, 2016](#)).

Emerging social enterprises, for example cooperatives others than the recognised social initiative cooperatives (CIS) are expanding the borders of the social economy sector in Spain. They are operating in new fields such as fair trade, rural development or renewable energy (see Box for an example).

#### SOM ENERGIA- a social enterprise engaged in the field of renewable energy

SOM ENERGIA is a non-profit renewable energy sources cooperative (REScoop), whose main activities are marketing and production of energy from renewable sources. It is committed to promoting the change of the current energy model into a 100 % renewable model. The cooperative produces energy through its own platforms from renewable sources (sun, wind, biogas, and biomass) and the funds are provided through voluntary contributions by cooperative members. The cooperative manages, buys and bills the electricity consumed by its partners. It is recognised as a marketer of green electricity, according to its certificates of guarantee of origin. The increase in members and consumers is very impressive (more than 5,000 people per year), reaching more than 27,000 members and more than 37,000 customers, with an estimated turnover for 2016 of EUR 23 million in August 2016. In terms of networks, SOM ENERGIA is a member of the umbrella cooperative of Spanish REScoops (Unión Renovables) and the European Federation, REScoop.eu.

Source: [www.somenergia.coop](http://www.somenergia.coop).

Such types of cooperatives are could be considered as legitimate social enterprises but are so far not included in the social economy framework. However, Law 5/2011 potentially has the flexibility to become the legal framework for both traditional and emerging forms of social enterprises. Nonetheless, it might be necessary to formulate a specific normative regulation for these new social enterprises to promote and develop them and to expand the scope of the previous models ([EC 2020b, 10/11](#))<sup>10</sup>.

## 2. Implementation of the social economy law

New legal forms do not in themselves constitute an advance in fostering the social economy that goes beyond its institutional recognition. It has to be accompanied by implementing rules. The Spanish Social Economy Law (5/2011) had no implementing regulations initially. By the end of 2015, none of the provisions of social economy act had been implemented showing a large gap between the discourse and the policies implemented during the financial crisis ([Chaves and Savall, 2019](#))<sup>11</sup>.

The situation improved in 2015 when the Spanish Government decided to prioritise the social economy in the operational programme called "Social Inclusion and Social Economy" (POISES) co-financed by European structural funds, particularly the European Social Fund (ESF). The programme defined priorities for the promotion and development of the social economy during the period 2014-2020. The objective was to support access for vulnerable groups to the labour market (women, Roma and other ethnic minorities, migrants, prisoners and ex-offenders, people with disabilities etc.). Under this programme, which includes a wide range of labour market measures, Spain agreed to invest EUR 1.1 billion overall, of which EUR 800 million were from the European Social Fund (ESF). From the overall budget, about EUR 31 million have been targeted specifically to the social economy ([OECD 2020, 22](#)).

In 2018, the Social Economy Strategy was further updated. The [renewed 2017-2020 strategy](#)<sup>12</sup> fostered the social economy in the digital economy, promoted its institutional participation in policy decisions and aimed to increase the visibility of and statistics on the social economy. So far however, no label or certification system has been developed which can benefit social economy entities and facilitate their access to specific policies and specific enabling treatments. Some experts see the impact of Law 5/2011 as limited given the minimal development of its proposals to date (e.g. after nine years there is no registry of social economy organisations) and the lack of funding for its promotion ([EC 2020b](#), 90f).

Nonetheless, conditions for the establishment of social enterprises in Spain appear to be improving as a result of the visibility of social enterprises in the media, on the internet and in foundations, associations and business schools. There is also a growing number of training programmes, including doctorate and masters programmes (see Box).

#### Specialised training and university research centres

Promoting professional training and retraining in the social economy sphere is a declared aim of the Spanish Law on the Social Economy. CIRIEC Spain, the national section of the International Centre of Research and Information on the Public, Social and Cooperative Economy - hosted by the University of Valencia - is a very active research network. CIRIEC Spain publishes the CIRIEC journal of public, social and cooperative economy. The institution also initiated the Spanish Observatory of the Social Economy aiming to visualise, quantify and evaluate the Spanish social economy. On the teaching side, masters courses in the social economy have emerged in recent years. Most of them are linked to the CIRIEC network, within the framework of the European Higher Education Area. Furthermore, an official Doctorate programme on social economy (cooperatives and non-profit organisation) exists at the University of Valencia. Stakeholders, however, see a barrier for the further growth of social enterprise in the fact that university curricula often include too little training in the management of social enterprises.

Source: [EESC 2017](#), 42, [EC 2020b](#), 92.

### 3. The current discussion on social enterprises

In Spain, the term "social economy" is more recognised by practitioners and society than the term "social enterprise". There is no formal definition of what constitutes a social enterprise, and the concept has scarcely been used in public discourse, policy and society in general. Despite this fact the specific entities mentioned above and in the table below have become a major player within Spain's social economy. A more recent development is the emergence and establishment of new social enterprise models expanding the borders of the social economy sector.

Diaz et al. ([EC 2020b](#), 11) highlight that an intense debate is emerging between those who understand social enterprise as part of the social economy (which is also the EC position) while others consider social enterprise as a new field with new business models that balance economic and social aims. The authors think that "Spain's emerging social enterprise ecosystem shows a contrast between institutionalisation and innovation" ([EC 2020b](#), 12). While traditional social economy entities are highly influenced by governmental agencies, there are new social entrepreneurship and innovation agents that promote business support, incubators, facilities or learning and exchange platforms ([EC 2020b](#), 12).

### 4. Scale of the sector

There is no institution responsible for systematically collecting data on social enterprises in Spain, so **gathering aggregate figures is quite complicated**. In fact, the only available statistics are for those social enterprises that have a specific legal form (CISs, EIs, CEEs, associations and foundations). Likewise, where statistics are collected, they vary according to the different scope applied. From general numbers presented

by the Spanish Social Economy Employers' Confederation (CEPES), data can be extracted to estimate the scale of entities representative for specific legal models of social enterprises (see Table).

Estimated number of social enterprises in Spain, 2017

Social Initiative Cooperatives CIS	Employment Integration Enterprises Els	Special Employment Centre for social Initiative CEE	Associations	Foundations	Total
6.471	2.012	5.763	8.164	92	9.680

Source: [EC 2020b](#), Country report Spain (Table 3).

The reliability of the data in the table is considered high. Based on these figures, the number of social enterprises per million inhabitants is estimated to be 208, which is rather low compared to other European countries. The highest numbers of social enterprises per one million inhabitants are found in Italy (1690), Hungary (1620), Luxembourg (1550), Belgium (1530) and France (1400) ([EC 2020a](#), 106)<sup>13</sup>. The number of paid workers in these entities is calculated as being above 91.500. No reliable data on female employment is available.

Estimates of the broader social economy sector (beyond the legal forms presented in the table) record much higher numbers. [CEPES](#) estimates include country-specific social enterprises with other legal forms such as fisherman's guilds, labour companies, disability sector associations or mutual benefit societies. The total number of all social economy entities are estimated at 43.192 creating 2.184.234 million direct and indirect jobs. CEPES further indicates on its website that the broader social economy sector gained 29,000 firms and 190,000 jobs during the crisis. The whole sector is estimated to contribute 10% to GDP and to represent 12.5 % of total employment ([CEPES](#))<sup>14</sup>.

## 5. Financial support

Social enterprises must derive their income from several sources: market and non-market activities. In Spain, some entities such as social integration enterprises generate income mainly from commercial activity. Others depend on public funding. A 2013 report by the Spanish NGO Social Action Platform shows that third sector organisations in the domain of social services received 55.3% from public funding, mainly the regional and local administration and 25.3 % of their income came from commercial activity, selling products and services, mainly user fees. Private funding, mainly from foundations, contributes 19.4%. Another source (the SELUSI project sample of Spanish social enterprises) estimates that the main source of income of social enterprises was from sales and fees for services (more than 60%) ([Pfeilstetter and Gómez-Carazco, 2016](#), 9).

**Public funds** targeting the social economy are usually **the first financial pillar of financing** social enterprises. The **second pillar are EU funds**. EU funding has played a significant role in the expansion of the social economy at the regional level, mainly through the European Social Fund in the period 2014-2020 as already mentioned above. Spain's recovery and resilience plan, however, does not include funds specifically dedicated to the social economy sector. Spain will receive EUR 69.5 billion in grants and up to EUR 70 billion in loans from the EU Recovery and Resilience Facility (RRF) for the period 2021-2026.



A specific form of support is the **targeted funding by lotteries and games**. The National Organisation of Blind People (ONCE) is one of the biggest social economy entities in Spain. It receives an important part of its income in the form of State regulated lottery and games (see Box).

#### Targeted funding by lotteries and games: The case of ONCE

A public policy measure used in some countries to encourage part of the social economy sector is the access to funds that are generated by lotteries and games. In Spain, part of the public lottery monopoly has been given to the National Organisation of Spanish Blind People (ONCE) – one of the biggest social economy entities in the country. A state regulation authorised it to sell lottery tickets for the blind so that its members could earn a living. The profits obtained must be used for integrating disadvantaged people into the labour market and offering them social services. Over the last three decades, ONCE has created a large business group, Ilunion, following mergers. **ILUNION** is comprised of five divisions that develop more than 50 lines of business including business services, healthcare, tourism, marketing and consultancy, retail, energy, transport, logistics, hospitality, industrial, pharmaceutical, education, banking, insurance and telecommunications. In 2017, ILUNION employed 35,000 workers, 40% of whom were people with a disability, with a turnover of EUR 850 million.

Source: [www.ilunion.com/](http://www.ilunion.com/).

The **tax system** is another means of support for social enterprises. In Spain, there is a corporate tax exemption on retained profits in place. The amount of exemption, however, is limited and depends on the non-profit nature of the social enterprise. For disadvantaged people employed by some types of Work Integration Social Enterprises (WISE), reduced social insurance costs apply. As a **specific funding mechanism** Spain uses the "percentage tax designation mechanism". This mechanism allocates state resources – a percentage of income tax – to public benefit purposes in a decentralised manner. The funds collected are used to finance social projects selected by the Ministries of Social and Foreign Affairs. This national fund annually collects more than EUR 200 million that are spent per year on more than 1 000 projects undertaken by almost 500 entities ([EESC 2018](#), 31-32).

Other forms of funding include **public-private collaboration** from which new models of social enterprises are emerging. PPM, for example, is a public-private partnership that operates in several sectors in Seville, Huelva, Pamplona and Barcelona, offering micro-credit loans without commissions or guarantees. Another paradigmatic example of public-private collaboration has been the MARES Madrid project, an URBAN project promoted by the Madrid City Council, together with eight social enterprises and social entities of reference in the sector.

An **innovative financial measure for workers** who decide to set up a workers' cooperative or a labour company exists already since 1985. It consists of capitalising unemployment benefits into a single payment, as a first investment for workers who decide to set up a workers' cooperative or a labour company (*sociedad laboral*). Additionally, the Ministry of Labour, through the National Employment Institute, pays the social security contributions of the workers who wish to start an enterprise throughout the theoretical period of receipt of unemployment benefits. The impact of this instrument has been highly positive. Between 6.000 and 10.000 workers annually benefit from this policy measure. About half of the members of new worker coops or new labour companies have used this financial tool ([EESC 2018](#), p. 36).

Due to the effects of the crisis in the Spanish financial sector, access to traditional private credit has been more complicated in the past decade. However, **new financing options (e.g. crowdfunding)** are emerging from within the social enterprise and social economy sector. Measures to promote social enterprises by private institutions are becoming increasingly important. An example is the "Caixa Foundation" with its

Social Entrepreneurship Programme. Other examples include the Creas Foundation and "La Bolsa Social". The first encourages the development of venture capital for social enterprises with a positive social value. The foundation's efforts are focused on environmental and social projects. The latter is an equity crowdfunding platform established in 2014 that, through collective financing, facilitates investors that can finance companies with a positive social/environmental impact ("crowdimpacting") ([EC 2020b](#), Annex 5, p. 173). One of the tools for increasing the attractiveness of social enterprises to potential investors is the promotion of measuring the social impact of their activities. Although social impact measurement is a relatively new field, social enterprises that seek funding are increasingly expected to measure their social impact.

## 6. Social public procurement

Another key policy tool supporting the development of the social economy is public procurement. The country's public procurement is framed within Law 9/2017 on Public Sector Contracts. **The European Directives 2013/EU and 2014/24/EU on public procurement were transposed into the Spanish legal system** in October 2017. The new Public Sector Contract Act of 2017 allows for social clauses to be used in the procedures for awarding public contracts. Cities such as Zaragoza, Barcelona and Madrid have recently introduced social clauses in their new public contracts. The Act also allows for certain contracts for social, cultural and healthcare services to be reserved for organisations that have a public service mission. This is in line with rules in relation to services of general economic interest (SGEI) laid down in the Commission Decision 2012/21/EU, which opens up considerable possibilities for State aid ([EESC 2018](#), p. 40).

## 7. Repercussion on regional and local development

The **sustainable development of rural areas is one of the most prominent objectives of social economy**. Given that social service provision in Spain is decentralised, the country is an interesting example that demonstrates that the level of legal and institutional recognition at national level opens up possibilities for expansion at regional and local levels. The sharing of competences between national and regional levels and law-making ability of the Autonomous Communities (based on Art. 148 of the Spanish Constitution), especially on cooperatives played a significant role in the development of regional strategies, especially where cooperatives have significant social and economic weight such as in the Basque Country, Catalonia and Andalusia ([OECD 2020](#), 18).

While stakeholders consulted in the recent study on social enterprises and their ecosystems in Spain ([EC 2020b](#), 93) suggest that there is a general concern affecting the uneven development of social enterprises at regional level, the Spanish Social Economy Strategy 2017-2020 was a step towards configuring a single framework. It involved the competent bodies at national level and in the Autonomous Communities, representative entities of the sector, experts and other relevant stakeholders in the field, with the aim of promoting the specific features of social economy enterprises in all Spanish territories.

The Autonomous Communities have integrated the social economy into their overarching strategies through laws and regulations. The Spanish Social Economy Employers' Confederation (CEPES) together with strong networks of cooperatives played a significant role in the design and implementation of strategies for the social economy with the Autonomous Communities. ([EESC 2018](#), 22). Good practices have also been developed in local plans to foster social and solidarity enterprises, as in Barcelona. The [OECD/EU good practice compendium](#)<sup>15</sup> mentions the "City Council Decree for Socially Responsible Public Procurement in Barcelona as a good example. Another seminal reference for the regional development of social economy is the Spanish region of Galicia (see Box)<sup>16</sup>

### The Galician Social Economy Law

The sustainable development of rural areas, in particular agricultural cooperatives, is also the aim of the Galician Social Economy Law 6/2016 of 6 May 2016. The law and its promotion system has established a favourable ecosystem that has made this region the seminal reference for regional development of the social economy with significant repercussions on its territory. So far, the most visible results are better coordination and distribution of resources, and actions directly oriented towards specific territorial problems such as territorial redistribution. New cooperatives grew at a rate of 22% year-on-year prior to 2016. The relative share of worker-associated cooperatives rose from 42% of the total between 2000 and 2009 to 78% between 2010 and 2020.

Source: [Bastida et al., 2021](#).

Although Galicia and other regions such as the Balearic Islands, Murcia, and Navarre are committed to transforming the local economy towards models closer to the social economy, there are **no evaluations in the form of impact monitoring or measurement reports** on the contribution of the social economy to regional development. One reason why regions do not publish impact reports is partly due to the lack of consensus on methods and the nature of data to be collected and the need to strengthen capacity at regional and national levels to monitor and evaluate impact ([OECD 2020](#), 33).

## 8. Conclusions

The Spanish social economy concept has achieved public recognition and has been explicitly regulated by law. The Law on Social Economy (Law 5/2011) was introduced with the aim of recognising and supporting the social economy as a separate economic sector that would require substantive public promotion and support. The impact of the law has been initially limited due to the minimal development of its proposals and the lack of funding for its promotion. The **use of EU funds** in the funding period 2014-2020 **were decisive for the subsequent implementation** of the law and the Spanish Social Economy Strategy.

Historically Spain has an under-developed welfare state but a **long tradition of social economy organisations**, i.e. social enterprises involved in the provision of social services and/or goods and services to vulnerable groups. Hence, the social economy has deep historical roots.

Spanish society has recognised the role of the social economy and social enterprises. The concept of "social economy" was revitalised with the financial and economic crisis in 2008 and the related austerity policies. The **economic situation encouraged initiatives seeking alternative forms of business and investment**.

Unlike social enterprises with deep historical roots, the more recent **emerging social enterprises are not generally included in the social economy sector**. It has to be seen whether Law 5/2011 has the flexibility to become the legal framework for all social enterprises in Spain. This might require further specific regulation for certain innovative businesses that do not easily fit within current models.

Similar to the challenges identified for the implementation of the EU Social Economy Action Plan, **producing reliable statistics** on the sector would be an important step towards identifying types or profiles of social enterprises and their elements and characteristics. **Establishing a directory of social enterprises** in Spain for all the areas in which they operate would open up possibilities to evaluate their scope and impact.

A further possibility to increase the visibility of social enterprises are **labels and certifications**. They help social enterprises to be recognised by society and thus help them to obtain resources and expand demand. Creating a European label might also be an important step towards achieving the aspirations of the SEAP to create a European level framework for the social economy to thrive.

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